Mr D.I.Y. Group (MRDIY MK)

3Q25: Within Expectations Despite Subdued SSSG

	BUY (Maintained)
Share Price	RM1.60
Target Price	RM2.05
Upside	28.93%

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Highlights

- Results were within expectations despite SSSG contracting.
- Favourable forex continues to support margins but is partially offset by the revised minimum wage and increased utility costs.
- Maintain BUY and target price of RM2.05, backed by a three-year profit CAGR of 7.5% and a decent dividend yield of 3.5-3.9% for 2025-27.

3Q25 Results

Year to 31 Dec (RMm)	3Q25	qoq % chg	yoy % chg	9M25	yoy % chg	Comments
Revenue	**1198.5**	**-1.3**	**5.6**	**3669.8**	**5.6**	Lifted by enlarged store count as SSSG contracted.
GP	**566.7**	**-2.2**	**9.9**	**1747.3**	**10.4**	
EBITDA	**295.0**	**-6.9**	**10.8**	**949.7**	**10.0**	
PBT	183.8	-13.3	11.7	629.9	11.0	
Core Profit	**136.1**	**-14.2**	**8.6**	**471.9**	**10.9**	Within expectations.
Store count	1528	1.3	10.5			
Revenue per store	784	-2.5	-4.4			
Margins	**(%)**	**qoq ppt chg**	**yoy ppt chg**	**(%)**	**yoy ppt chg**	
Gross Profit	47.3	-0.4	1.9	47.6	2.0	Favourable forex continues to support margins.
EBIT	24.6	-1.5	1.2	25.9	1.0	
Eff. tax rate	-25.9	-0.7	0.1	-25.6	0.1	
Core Profit	11.4	-1.7	0.3	12.8	0.5	

Source: Mr. DIY, UOB Kay Hian

Analysis

- **Within expectations.** Mr D.I.Y. Group (Mr. DIY) posted a 3Q25 core net profit of RM136.1m (-14.2% qoq, +8.6% yoy), which brought 9M25 core profit to RM471.9m (+10.9% yoy). It is within expectations, at 76% and 75% of our and consensus full-year earnings forecasts respectively. Core profit has been adjusted for a RM3.1m loss on a one-off divestment of a non-core fixed asset. An interim DPS of 1.3 sen was declared, bringing 9M25 DPS to 4.2 sen (9M24: 3.2 sen). It represents a quarterly payout of 91% vs our 2025 payout assumption of 85%.

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	4,359.3	4,651.4	4,912.5	5,193.4	5,423.0
EBITDA	1,088.6	1,122.4	1,308.8	1,382.8	1,489.6
Operating profit	789.8	792.9	857.9	889.9	960.3
Net profit (rep./act.)	560.7	568.9	625.2	642.7	688.2
Net profit (adj.)	560.7	568.9	625.2	642.7	688.2
EPS	6.0	6.0	6.6	6.8	7.3
PE	26.7	26.3	24.0	23.3	21.8
P/B	8.6	7.7	7.4	7.0	6.7
EV/EBITDA	13.7	13.2	11.3	10.6	9.8
Dividend yield	2.0	3.1	3.5	3.6	3.9
Net margin	12.9	12.2	12.7	12.4	12.7
Net debt/(cash) to equity	(1.7)	(7.1)	(8.0)	(13.5)	(19.1)
Interest cover	15.4	14.2	15.6	14.4	13.6
ROE	38.7	36.9	39.3	39.2	40.7
Consensus net profit	n.a	n.a	634.7	701.0	770.2
UOBKH/Consensus (x)	n.a	n.a	1.0	0.9	0.9

Source: Mr. DIY, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Consumer Discretionary
Bloomberg ticker	MRDIY MK
Shares issued (m)	9,477.5
Market cap (RMm)	15,069.2
Market cap (US$m)	3,595.8
3-mth avg daily t'over (US$m)	5.7

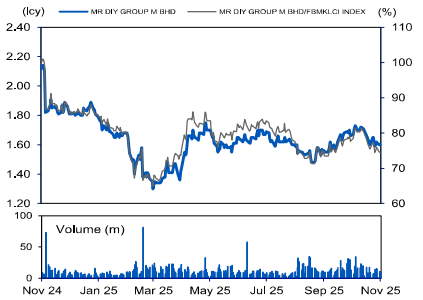
Price Performance (%)

52-week high/low				RM7.68/RM4.96
1mth	3mth	6mth	1yr	YTD
(5.4)	(3.0)	(4.8)	(28.7)	(14.0)

Major Shareholders %

Tan Yu Yeh	50.1
FY25 NAV/Share (RM)	0.22
FY25 Net Debt/Share (RM)	0.01

Price Chart



Source: Bloomberg

Company Description

Homegrown Mr. DIY is the largest home improvement retailer in Malaysia, with more than 40% of the home improvement market share and growing. It also operates in Brunei and is involved in toy and dollar concept stores.

- **SSSG decline continues.** 3Q25 revenue grew by a modest 5.6% yoy (-1.3% qoq). The increased store count (+10%), or 145 net new stores to 1,528 stores, was partially offset by same-store sales growth (SSSG) contracting in the mid-to-low single-digit range, by our estimates. Positively, the decline has decelerated from 3Q25's decline of 7.2%. The SSSG softness is attributed to a challenging market environment and ongoing policy adjustments following the removal of subsidies. The soft SSSG in 4Q24 may translate to a low base effect for 4Q25, possibly supportive of a positive SSSG.
- **Favourable forex offsets other higher costs.** 3Q25 gross margin improved by 1.9ppt yoy to 47.3% (-0.4ppt qoq) as COGS benefitted from favourable forex rates. EBITDA margin gained only 1.2ppt yoy, despite the impact of the revised minimum wage, increased utility costs, and losses on the disposal of fixed assets. Following higher depreciation, core margins gains were limited to 0.3ppt yoy.

Valuation/Recommendation

- **Maintain BUY and target price of RM2.05.** Mr. DIY offers a three-year profit CAGR of 7.5%, which is relatively attractive for a large-cap retailer. Furthermore, against a backdrop of its valuations trading below its historical mean, we believe Mr. DIY's reward-to-risk payoff is still appealing. Our PE peg is 30x or based on its historical -0.5SD to its mean PE to 2026 earnings. It also offers a decent dividend yield of 3.5-3.9% for 2025-27. While Mr. DIY offers decent growth, overall industry sentiment appears subdued, which has led to a discount relative to its historical valuations.

Earnings Revision/Risk

- **No change to earnings.** Key downside risks are a sharp weakening of the ringgit against the renminbi, and trade restrictions by China.

Share Price Catalyst

- **Beyond the basics with KKV and its sub-brands.** We have pencilled in an expansion of 180 new stores for 2025, including 20 KKV and 10 The Colorist stores, following the acquisition of the KKV brand, which has shown decent results. KKV has recently added a new sub-brand, X11, a lifestyle toy store, with its first overseas outlet launched in Malaysia. Overall, KKV and its sub-brands could contribute close to 2-3% of 2025's earnings.

Key Assumptions

	2025F	2026F	2027F
Revenue (RMm)	**4912**	**5193**	**5423**
Growth yoy (%)	5.6%	5.7%	4.4%
Avg store count for the year	**1524**	**1714**	**1904**
Net store addition	**190**	**190**	**190**
Growth yoy (%)	13.6%	12.5%	11.1%
Revenue per store (in '000)	**3223**	**3030**	**2848**
Growth yoy (%)	-7.0%	-6.0%	-6.0%

Source: UOB Kay Hian

PE Band

Source: Bloomberg, UOB Kay Hian

Environmental, Social, Governance (ESG)

Environmental

- **Energy management.** Mr. DIY targets to increase renewable energy sources by 30% from base year 2021 for its warehouses.
- **Emission.** By 2030, Mr. DIY aims to reduce Scope 1 and 2 emissions by 20% and 30% respectively from base year 2021.

Social

- **Diversity & inclusion.** Among its workforce, 57% are male, while 43% are female. Mr. DIY also employs 26 less-abled and four Orang Asli employees.

Governance

- **Board gender diversity.** Male to female ratio of 4:2.
- **Board balance and composition.** Three board members are independent directors, equivalent to 50% of the board members.

Source: Mr. DIY, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	**4,651**	**4,912**	**5,193**	**5,423**
EBITDA	1,122	1,309	1,383	1,490
Deprec. & amort.	329	451	493	529
EBIT	793	858	890	960
Total other non-operating income	43	45	48	50
Associate contributions	6	18	19	20
Net interest income/(expense)	(79)	(84)	(96)	(109)
Pre-tax profit	**763**	**837**	**860**	**921**
Tax	(194)	(212)	(217)	(232)
Minorities	0	0	0	0
Net profit	**569**	**625**	**643**	**688**
Net profit (adj.)	569	625	643	688

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	882	986	1,005	1,025
Other LT assets	1,405	1,523	1,674	1,846
Cash/ST investment	276	251	327	438
Other current assets	1,239	1,302	1,376	1,436
Total assets	**3,802**	**4,061**	**4,382**	**4,745**
ST debt	128	78	28	0
Other current liabilities	507	467	513	558
LT debt	11	11	11	11
Other LT liabilities	1,218	1,474	1,702	1,945
Shareholders' equity	1,938	2,031	2,127	2,230
Total liabilities & equity	**3,802**	**4,061**	**4,382**	**4,745**

Cash Flow

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Operating	**933**	**1,092**	**1,190**	**1,295**
Pre-tax profit	767	836	858	918
Tax	(206)	(212)	(217)	(232)
Deprec. & amort.	329	451	493	529
Associates	(6)	(18)	(19)	(20)
Working capital changes	(70)	(89)	(63)	(51)
Other operating cashflows	118	124	137	152
Investing	**(166)**	**(236)**	**(167)**	**(167)**
Capex (growth)	(144)	(236)	(167)	(167)
Proceeds from sale of assets	0	0	0	0
Others	(22)	0	0	0
Financing	**(721)**	**(882)**	**(946)**	**(1,017)**
Dividend payments	(397)	(531)	(545)	(582)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	(62)	0	0	0
Others/interest paid	(262)	(351)	(402)	(434)
Net cash inflow (outflow)	**46**	**(25)**	**76**	**111**
Beginning cash & cash equivalent	**232**	**276**	**251**	**327**
Changes due to forex impact	(2)	0	0	0
Ending cash & cash equivalent	**276**	**251**	**327**	**438**

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	24.1	26.6	26.6	27.5
Pre-tax margin	16.4	17.0	16.6	17.0
Net margin	12.2	12.7	12.4	12.7
ROA	17.5	18.5	18.2	18.5
ROE	36.9	39.3	39.2	40.7
Growth				
Turnover	37.9	45.6	54.0	60.8
EBITDA	33.2	55.4	64.2	76.8
Pre-tax profit	30.1	42.7	46.7	57.0
Net profit	31.8	44.8	48.8	59.4
Net profit (adj.)	1.5	9.9	2.8	7.1
EPS	31.8	44.8	48.8	59.4
Leverage				
Debt to total capital	7.2	4.4	1.8	0.5
Debt to equity	7.2	4.4	1.8	0.5
Net debt/(cash) to equity	(7.1)	(8.0)	(13.5)	(19.1)
Interest cover	14.2	15.6	14.4	13.6

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